



News Release

Media Relations Office

Washington, D.C.

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For Release: 4/05/01

Release No: IR-2001-44

IRS OFFERS OPTIONS WHEN TAX DAY IS "PAY" DAY

WASHINGTON -- If the tax filing deadline will be a "pay" day for you, the Internal Revenue Service offers several options to help you meet your obligation. It also has an installment program for those who cannot pay the full amount now.

If you're sending a check or money order, make it payable to "United States Treasury" and include your Social Security number, a daytime phone number, the year and type of form filed -- for example, "2000 Form 1040." Use the Form 1040-V payment voucher if you have one and do not staple the payment to the tax return. Send any 2001 estimated tax payment separately.

While e-filing your return by computer or phone, you may authorize the Treasury to automatically withdraw the tax due directly from your checking or savings account on a specified date. This is similar to the electronic funds transfer arrangements many people have for their monthly mortgage, auto, utility or insurance payments, except this withdrawal for income tax is a one-time payment. There is no charge for this service. More than 100,000 e-filers have authorized automatic withdrawals this year.

You may also authorize an automatic withdrawal payment when requesting an extension by phone at 1-888-796-1074 (toll-free). Use Form 4868 as a worksheet to prepare for the call, but don't mail it to the IRS. You will also need two figures from your 1999 tax return -- adjusted gross income and total tax -- to authorize the withdrawal. Those not making a payment with the extension request will not need the prior year tax information. The extension request line is open 24 hours a day until the filing deadline.

You may also charge your taxes on a credit card by calling or using the Web site of one of the two processors handling such payments. PhoneCharge, Inc. has the toll-free number 1-888-ALL-TAXX and a Web site at www.About1888ALLTAXX.com. Official Payments Corporation's number is 1-800-2PAY-TAX and its Web site is at www.officialpayments.com. You may use a credit card to pay the balance due on your 2000 income tax return, to make a payment related to an automatic filing extension request, or to make estimated tax payments for 2001.

Under both the phone and computer methods, private sector companies process the credit card transactions and charge convenience fees. The IRS does not collect such fees, nor does the IRS receive or store the credit card numbers. The cardholder's account statement will show the tax payment and the fee separately.

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Those who cannot pay the full tax due may qualify for an installment payment plan. The IRS offers a streamlined approval process if the amount due is not more than \$25,000 and the taxpayer will pay it within a five-year period. These agreements do not require a collection manager's approval, and do not involve the filing of liens.

You may ask for an installment plan when you file by attaching Form 9465, "Installment Agreement Request," to the front of the tax return, listing the proposed monthly payment amount and date. You may also choose to conveniently pay from your bank account each month through an automatic withdrawal program.

There is a \$43 fee for setting up the installment agreement. Taxpayers will also pay interest -- currently figured at eight percent per year, compounded daily -- plus a late payment penalty. This penalty, usually 0.5 percent of the balance due per month, drops to 0.25 percent when the IRS approves the agreement, if the taxpayer filed the return on time and did not receive a levy notice.

Besides possibly qualifying for this reduced late payment penalty, people who cannot pay the taxes owed have another reason to file on time -- to avoid the late filing penalty of five percent per month of the balance due. Sending as large a payment as possible with the return will lessen any interest and penalty charges.

The IRS Web site at www.irs.gov has an interactive feature to help taxpayers determine their eligibility for an installment agreement and to download related forms. Form 9465 is also available by calling (toll-free) 1-800-TAX-FORM, or from IRS TaxFax. From a fax machine, call 703-368-9694 -- not a toll-free number -- and request item #14842 by return fax.

The IRS has received nearly 70 million returns -- more than half of the 130 million expected this year -- and processed more than 57 million refunds, totaling \$100 billion. At \$1,751, the average refund is five percent higher than at this time last year.

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2001 FILING SEASON STATISTICS

Cumulative through the week ending 3/31/00 and 3/30/01

| | <u>2000</u> | <u>2001</u> | <u>% Change</u> |
|---|------------------|-------------------|-----------------|
| Individual Income Tax Returns | | | |
| Total Receipts | 70,175,000 | 69,900,000 | - 0.4 |
| Total Processed | 63,511,000 | 62,843,000 | - 1.1 |
| E-filing Receipts: | | | |
| TOTAL | 29,277,000 | 32,556,000 | 11.2 |
| TeleFile (phone) | 4,367,000 | 3,723,000 | -14.8 |
| Computer | 24,910,000 | 28,833,000 | 15.7 |
| Tax Professionals | 21,379,000 | 24,015,000 | 12.3 |
| Self-prepared | 3,531,000 | 4,818,000 | 36.4 |
| Refunds Certified by the Martinsburg Computing Center: | | | |
| Number | 57,302,000 | 57,097,000 | - 0.4 |
| Amount of principal | \$95.580 billion | \$100.002 billion | 4.6 |
| Average refund | \$1668 | \$1751 | 5.0 |
| Direct Deposit Refunds: | | | |
| Number | 23,783,000 | 27,002,000 | 13.5 |
| Amount | \$50.609 billion | \$58.596 billion | 15.8 |
| Average | \$2128 | \$2170 | 2.0 |